

FISCAL NOTE

Bill #: HB0335

**Title: Eliminate Arts Council and provide
funding for art education and appreciation**

Primary

Sponsor: Steve Vick

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	FY2000 Difference	FY2001 Difference
Expenditures:		
General Fund	(\$610,971)	(\$596,847)
Federal Special Revenue	(426,543)	(416,764)
Revenue:		
Federal Special Revenue	(\$426,543)	(\$416,764)
Net Impact on General Fund Balance:	\$610,971	\$596,847

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Montana Arts Council

1. If the state arts agency is eliminated, all federal funds will likely be eliminated as well, currently estimated at \$426,543 in FY2000 and \$416,764 in FY2001.
2. All existing employees of the council would be terminated. Employee Protection Act (EPA) and payout costs for the seven current employees are estimated at \$50,643 and will be paid with general fund. Current leave payout is \$17,759 and EPA costs are \$3,684 per employee (state share health insurance for six months plus \$2,004 for training). One employee is eligible for retirement and the 1-for-5 purchase option and that cost is estimated at \$10,780. Though no decision has been made by the employee, this cost is used in lieu of the lower EPA cost. Although the bill is not effective until July 1, 1999, the council would begin termination of its employees upon passage and approval of the bill, so these costs could be absorbed by the FY 1999 operating budget.

(continued)

3. Montana organizations and artists received support from the regional Western States Arts Federation (WESTAF) of about \$40,000 in FY 1998. These funds would not be forthcoming if the state is not a member of WESTAF.
4. No new proposal funding is included in any of these figures except for grants in HB9.
5. The fiscal note figures include dollars appropriated in HB2 and in HB9.

Montana Historical Society

6. The \$15,000 of coal severance tax trust fund income to be allocated for the capitol complex artwork will remain the same as previous biennia. It is estimated the historical society will expend \$7,500 each year.
7. The 1% to be allocated for new buildings artwork and maintenance cannot be determined without knowing the costs of such buildings and the artwork which will be recommended. These funds are derived from Long-Range Building Program authority. The costs to administer this section can be absorbed within the current operating budget.

Office of Public Instruction

8. HB335 has no fiscal impact on the operations of the Office of Public Instruction. The funds will be distributed to school districts using the same mechanism that is used for the distribution of timber monies under 20-9-534, MCA.

Department of Commerce

9. Current law allocation of coal tax revenues into the cultural trust does not change.
10. Interest distributed to the state special account for protection of works of art in the state capitol and for the Office of Public Instruction distribution to school districts is estimated to be \$300,000 in FY 2000 and \$316,000 in FY 2001.

FISCAL IMPACT:

Montana Arts Council:

HB2 & HB9	FY2000 <u>Difference</u>	FY2001 <u>Difference</u>
FTE	(7.00)	(7.00)

Expenditures:

Personal Services	(\$284,358)	(\$282,675)
Operating Expenses	(211,287)	(186,237)
Grants	<u>(834,369)</u>	<u>(853,199)</u>
TOTAL	(\$1,330,014)	(\$1,322,111)

Funding:

General Fund (01)	(\$610,971)	(\$596,847)
State Special Revenue (02)	(292,500)	(308,500)
Federal Special Revenue (03)	<u>(426,543)</u>	<u>(416,764)</u>
TOTAL	(\$1,330,014)	(\$1,322,111)

Revenues:

Federal Special Revenue (03)	(\$426,543)	(\$416,764)
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Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	\$610,971	\$596,847
State Special Revenue (02)	292,500	308,500

Office of Public Instruction:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
<u>Expenditures:</u>		
Local Assistance	\$292,500	\$308,500
 <u>Funding:</u>		
State Special Revenue (02)	\$292,500	\$308,500

Statewide Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	\$610,971	\$596,847
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Elimination of the Arts Council will mean the direct loss of at least \$820,000 per year to local arts, history and humanities organizations.

Other Montana organizations and artists, who are projected to receive \$100,000 per annum, may be limited in the capability to receive NEA funding, if the state does not support a state arts agency.

All 35 art museums, all 20 performing arts series, and all 9 symphony orchestras will lose funding. This funding will go to local school districts.

TECHNICAL NOTES:

Montana Arts Council

1. The council last year allocated federal grant funds for FY 1999 and FY 2000. The FY 2000 awards total \$226,310 contingent on availability of funding. It is unknown if HB335 would remove the state's liability to pay and administer these grant funds for FY 2000.